

Auditing Procedures Report V1.04



Issued under Public Act 2 of 1968, as amended.

Unit Name	VILLAGE OF DECKERVILLE	County	SANILAC	Type	VILLAGE	MuniCode	76-3-030
Opinion Date-Use Calendar	May 26, 2008	Audit Submitted-Use Calendar	Aug 11, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 626,277.00
General Fund Expenditure:	\$ 922,278.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 527,021.00
Governmental Activities Long-Term Debt (see instructions):	\$ 160,420.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	GARY	Last Name	ANDERSON	Ten Digit License Number	1101005446		
CPA Street Address	715 E. FRANK ST	City	CARO	State	MI	Zip Code	48723
CPA Firm Name	ANDERSON, TUCKEY, BERN	Unit's Street Address	2521 BLACK RIVER	City	DECKERVILLE	LU Zip	48427

VILLAGE OF DECKERVILLE

REPORT ON FINANCIAL STATEMENTS
(With Additional Information)

MARCH 31, 2008

TABLE OF CONTENTS

PAGE NUMBER

REPORT OF INDEPENDENT AUDITORS

MANAGEMENT'S DISCUSSION & ANALYSIS

i - v

BASIC FINANCIAL STATEMENTS

<i>Statement of Net Assets</i>	<i>1</i>
<i>Statement of Activities</i>	<i>2</i>
<i>Governmental Funds:</i> <i>Combining Balance Sheet</i>	<i>3</i>
<i>Reconciliation of Governmental Funds Balance Sheet and Statement of Net Assets</i>	<i>4</i>
<i>Governmental Funds:</i> <i>Statement of Revenues, Expenditures, and Changes in Fund Balances</i>	<i>5</i>
<i>Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i>	<i>6</i>
<i>Proprietary Fund Types - Combining Balance Sheet</i>	<i>7</i>
<i>Proprietary Fund Types - Combined Statement of Revenue, Expenditures, and Changes in Retained Earnings/Fund Balance</i>	<i>8</i>
<i>Water & Sewer Fund - Schedule of Changes in Aid of Construction</i>	<i>9</i>
<i>Proprietary Fund Types - Combined Statement of Cash Flows</i>	<i>10</i>
<i>Trust and Agency Funds:</i> <i>Combining Balance Sheet</i>	<i>11</i>
<i>Notes to the Financial Statements</i>	<i>12-19</i>

REQUIRED SUPPLEMENTARY INFORMATION

<i>General Fund:</i> <i>Budgetary Comparison Schedule</i>	<i>20</i>
<i>Major Street Fund:</i> <i>Budgetary Comparison Schedule</i>	<i>21</i>
<i>Local Street Fund:</i> <i>Budgetary Comparison Schedule</i>	<i>22</i>

ADDITIONAL INFORMATION

<i>Special Revenue Funds:</i> <i>Combining Balance Sheet</i>	<i>23</i>
<i>Special Revenue Funds:</i> <i>Combining Schedule of Revenue, Expenditures, and Change in Fund Balance</i>	<i>24</i>
<i>General Fund - Schedule of Revenue</i>	<i>25</i>
<i>General Fund - Schedule of Expenditures</i>	<i>26-28</i>
<i>Water and Sewer Fund - Schedule of Revenues and Expenditures</i>	<i>29</i>
<i>Major Street Fund - Schedule of Expenditures</i>	<i>30</i>
<i>Local Street Fund - Schedule of Expenditures</i>	<i>31</i>



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

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May 23, 2008

REPORT OF INDEPENDENT AUDITORS

Honorable Village Council
Village of Deckerville
Deckerville, Michigan 48427

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Deckerville, as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Deckerville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Deckerville, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through V and 20 through 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Deckerville's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Anderson, Tuckey, Bernhardt & Doran, P.C.

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VILLAGE OF DECKERVILLE, MICHIGAN

Management's Discussion and Analysis

Our discussion and analysis of the Village of Deckerville's financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Village's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- The fund balance in the General Fund decreased from \$481,652 to \$364,594.
- State-shared revenue, the Village's second largest General Fund revenue source, was reduced by the State of Michigan by \$2,524 representing a 2.35% decrease from the 2005-2006 fiscal year. However, the \$104,936 received from the State of Michigan was above the budgeted projection by \$6,936.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds.

VILLAGE OF DECKERVILLE, MICHIGAN

Management's Discussion and Analysis

The Village as a Whole

The following table shows, in a condensed format, the net assets as of the current date:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets	\$ 690,968	\$ 146,489	\$ 837,457
Noncurrent assets	<u>1,339,532</u>	<u>531,730</u>	<u>1,871,262</u>
Total assets	<u>2,030,500</u>	<u>678,219</u>	<u>2,708,719</u>
Current liabilities	84,666		84,666
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>84,666</u>	<u>-</u>	<u>84,666</u>
Net assets:			
Invested in capital assets -			
Net of related debt	1,257,143		1,257,143
Contributed capital		169,328	169,328
Restricted	623,928		623,928
Unrestricted	<u>64,763</u>	<u>508,891</u>	<u>573,654</u>
Total net assets	<u>\$ 1,945,834</u>	<u>\$ 678,219</u>	<u>\$ 2,624,053</u>

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations ended the fiscal year with a balance of \$64,763 in the governmental activities.

VILLAGE OF DECKERVILLE, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes of the net assets during the current year:

	Governmental Activities	Business-Type Activities	Total
Net Assets - Beginning of year - (as adjusted)	\$ 1,902,021	\$ 694,219	\$ 2,596,240
Revenue			
Program revenue:			
Charges for services	188,536	119,442	307,978
Operating grants and contributions			-
General revenue:			
Property taxes	409,356	861	410,217
Intergovernmental revenue	191,881		191,881
Investment earnings	12,423	4,616	17,039
Sale of building	-		-
Miscellaneous	42,338		42,338
Net transfers			-
Total revenue	844,534	124,919	969,453
Program Expenses			
General government	170,057		170,057
Road maintenance and repair	82,944		82,944
Public safety	168,742		168,742
Public works	136,130		136,130
Culture and recreation	104,552		104,552
Water & sewer		140,919	140,919
Depreciation	132,519		132,519
Interest on long-term debt	5,777		5,777
Total expenses	800,721	140,919	941,640
Change in Net Assets	43,813	(16,000)	27,813
Net Assets - End of Year	\$ 1,945,834	\$ 678,219	\$ 2,624,053

VILLAGE OF DECKERVILLE, MICHIGAN

Management's Discussion and Analysis

Business-type Activities

The Village's business-type activities consist of the Water and Sewer Fund. The Village provides water to residents from ground water wells. Sewage treatment is provided through a Village-owned and operated sewage treatment plant.

The Water and Sewer Fund had a net loss of \$16,000, and its cash flow decreased by \$45,757. Revenues for the fund were down about 13%.

The Village's Funds

Our analysis of the Village's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for the current year include the General, Major Street, Local Street, and Water and Sewer Funds.

The General Fund pays for most of the Village's governmental services. The most significant are Administration, Fire Protection, Police Department, and Public Works, which incurred expenses of approximately \$627,862 in the current fiscal year. These costs and the remaining \$104,552 cost of the other General Fund departments are funded by real and personal property taxes and other general revenue sources of the General Fund.

General Fund Budgetary Highlights

Overall, revenues in the General Fund exceeded the budget by \$19,776.

Village departmental expenses in the General Fund overall spent less than budget projections by \$23,565.

Capital Asset and Debt Administration

As of March 31, 2008, the Village had a total of approximately \$1,871,262 (net of depreciation) invested in a broad range of capital assets, including roads, buildings, equipment, and water and sewer lines.

Debt service makes up approximately 2% of the total governmental expenditures

More detailed information concerning capital assets and long-term debt can be found in Notes 5 and 10, respectively, in the notes to the financial statements.

VILLAGE OF DECKERVILLE, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

In preparing the 2008-2009 budget, the village expects similar activity levels to 2007-2008. State shared revenues have been consistently declining in recent years, and this trend is expected to continue. Other revenues are expected to be consistent with the 2007-2008 fiscal year.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the village's office.

BASIC FINANCIAL STATEMENTS

VILLAGE OF DECKERVILLE
STATEMENT OF NET ASSETS
March 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash	\$ 675,831	\$ 85,709	\$ 761,540
Accounts Receivable	15,137	60,780	75,917
Total current assets	690,968	146,489	837,457
Noncurrent assets:			
Capital assets, net of depreciation	1,339,532	531,730	1,871,262
<u>TOTAL ASSETS</u>	<u>\$ 2,030,500</u>	<u>\$ 678,219</u>	<u>\$ 2,708,719</u>
<u>LIABILITIES</u>			
Current liabilities:			
Customer deposits payable			-
Current maturities on long-term debt	\$ 82,389		\$ 82,389
Accrued interest	2,277		2,277
Total current liabilities	84,666	-	84,666
Total noncurrent liabilities	-	-	-
<u>TOTAL LIABILITIES</u>	<u>84,666</u>	<u>-</u>	<u>84,666</u>
<u>NET ASSETS</u>			
Invested in capital assets -			
Net of related debt	1,257,143		1,257,143
Contributions in aid of construction		\$ 169,328	169,328
Restricted	623,928		623,928
Unrestricted	64,763	508,891	573,654
<u>TOTAL NET ASSETS</u>	<u>1,945,834</u>	<u>678,219</u>	<u>2,624,053</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,030,500</u>	<u>\$ 678,219</u>	<u>\$ 2,708,719</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues		
		Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental activities:					
General government	\$ 170,057	\$ 140,036	\$ (30,021)	-	\$ (30,021)
Road maintenance and repair	82,944		(82,944)	-	(82,944)
Public safety	168,742	48,500	(120,242)	-	(120,242)
Public works	136,130		(136,130)	-	(136,130)
Culture and recreation	104,552		(104,552)	-	(104,552)
Depreciation	132,519		(132,519)	-	(132,519)
Interest on long-term debt	5,777		(5,777)		(5,777)
Total governmental activities	800,721	188,536	(612,185)	-	(612,185)
Business-type activities:					
Water & sewer	140,919	119,442		\$ (21,477)	(21,477)
Total primary government	\$941,640	\$ 307,978	\$ (612,185)	\$ (21,477)	\$ (633,662)
General revenues:					
Taxes:					
Property taxes levied for general purposes			\$ 276,603		\$ 276,603
Property taxes levied for street and sanitation purposes			132,753		132,753
Property taxes levied for and sewer purposes				\$ 861	861
Intergovernmental revenue			191,881		191,881
Investment earnings			12,423	4,616	17,039
Miscellaneous			42,338		42,338
Total general revenues and transfers			655,998	5,477	661,475
Change in net assets			43,813	(16,000)	27,813
Net assets - beginning			1,902,021	694,219	2,596,240
Net assets - ending			<u>\$ 1,945,834</u>	<u>\$ 678,219</u>	<u>\$ 2,624,053</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2008

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 364,594	\$ 189,215	\$ 122,022	\$ 675,831
Due from other funds	-	-	-	-
Due from State of MI	-	12,042	3,095	15,137
TOTAL ASSETS	<u>\$ 364,594</u>	<u>\$ 201,257</u>	<u>\$ 125,117</u>	<u>\$ 690,968</u>
<u>LIABILITIES & FUND BALANCES</u>				
Total Liabilities	-	-	-	-
Fund equity:				
Fund balance:				
Undesignated	\$ 67,040			\$ 67,040
Reserved	297,554	\$ 201,257	\$ 125,117	623,928
Total Fund Equity	364,594	201,257	125,117	690,968
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 364,594</u>	<u>\$ 201,257</u>	<u>\$ 125,117</u>	<u>\$ 690,968</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET and
STATEMENT OF NET ASSETS
March 31, 2008

	Modified Accrual Basis	Reconciling Item	Full Accrual Basis
	TOTAL GOVERNMENTAL FUNDS	CAPITAL ASSETS & LONG TERM DEBT	TOTAL
<u>ASSETS</u>			
Cash	\$ 675,831		\$ 675,831
Accounts Receivable			-
Due from other units	15,137		15,137
Total Current Assets	<u>690,968</u>	<u>-</u>	<u>690,968</u>
Capital assets:			
Land			-
Depreciable capital assets		\$ 3,819,249	3,819,249
Less: Accumulated Depreciation		(2,479,717)	(2,479,717)
Total Non-Current Assets	<u>-</u>	<u>1,339,532</u>	<u>1,339,532</u>
TOTAL ASSETS	<u>\$ 690,968</u>	<u>\$ 1,339,532</u>	<u>\$ 2,030,500</u>
<u>LIABILITIES & FUND BALANCES</u>			
Liabilities:			
Accrued interest payable		\$ 2,277	\$ 2,277
Due to other funds			-
Current maturities of long-term debt		82,389	82,389
Notes Payable - long term			-
Total Liabilities	<u>-</u>	<u>84,666</u>	<u>84,666</u>
Fund Balances:			
Fund balance:			
Undesignated	\$ 67,040		67,040
Reserved	623,928	1,254,866	1,878,794
Total Fund Balances/Net Assets	<u>690,968</u>	<u>1,254,866</u>	<u>1,945,834</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 690,968</u>	<u>\$ 1,339,532</u>	<u>\$ 2,030,500</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	GENERAL	MAJOR STREET	LOCAL STREET	TOTALS (MEMORANDUM ONLY) PRIMARY GOVERNMENT
REVENUES:				
Taxes	\$276,603	\$ 88,057	\$ 44,696	\$ 409,356
Intergovernmental revenue:				
Gas & weight tax		68,275	17,540	85,815
State	106,066			106,066
License, Permits and Fees	2,590			2,590
Fines and Forfeitures	159			159
Charges for services	140,036			140,036
Grants	48,500			48,500
Interest Income	12,423			12,423
Miscellaneous	28,979	7,634	2,976	39,589
TOTAL REVENUE	615,358	163,966	65,212	844,534
EXPENDITURES:				
Administration	276,242			276,242
Construction		57,678	21,704	79,382
Fire Protection	106,992			106,992
Police	108,498			108,498
Public works	136,130			136,130
Parks	104,552			104,552
Routine Maintenance		45,313	37,632	82,945
Miscellaneous				-
TOTAL EXPENDITURES	732,414	102,991	59,336	894,741
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
EXPENDITURES	(117,058)	60,976	5,876	(50,207)
FUND BALANCE - APRIL 1	481,652	140,282	119,241	741,175
FUND BALANCE - MARCH 31	\$364,594	\$201,258	\$125,117	\$ 690,969

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Net change in fund balances - total governmental funds	\$(50,207)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives as depreciation expense	
Depreciation expense	(132,519)
Capital outlay	185,567
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt for capital assets is a reduction of net assets, however, a reduction of the debt increases net assets.	
Principal paid on long-term debt	39,111
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable at the beginning of the year	4,137
Accrued interest payable at the end of the year	<u>(2,277)</u>
Change in net assets of governmental activities	<u><u>\$ 43,813</u></u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF DECKERVILLE
PROPRIETARY FUND TYPE
COMBINING BALANCE SHEET
March 31, 2008**

	<u>ENTERPRISE FUND</u>
	<u>WATER/SEWER</u>
<u>ASSETS</u>	
Cash	\$ 85,709
Accounts receivable - net	60,780
Due from other funds	
Fixed assets	2,725,535
Less accumulated depreciation & amortization	<u>(2,193,805)</u>
TOTAL ASSETS	<u>\$ 678,219</u>
 <u>LIABILITIES & FUND EQUITY</u>	
Total Liabilities	<u>-</u>
Fund Equity:	
Contributions in aid of construction	\$ 169,328
Retained earnings:	
Reserved for specific purpose	
Unreserved	<u>508,891</u>
Total Fund Equity	<u>678,219</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 678,219</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
COMBINED STATEMENT OF REVENUE, EXPENSES
AND CHANGE IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES
YEAR ENDED MARCH 31, 2008

	<u>ENTERPRISE FUND</u>
	<u>WATER/SEWER</u>
OPERATING REVENUES:	
Water & sewer system sales	\$ 100,090
Other services, charges & sales	19,352
	<hr/>
TOTAL OPERATING REVENUE	119,442
	<hr/>
OPERATING EXPENSES:	
Salaries & wages	34,950
Employee benefits	14,420
Operating supplies	2,608
Professional fees	-
Insurance	4,017
Utilities	10,292
Repairs & maintenance	22,878
Depreciation	61,267
Equipment rental	17,596
Capital Outlay	-
Miscellaneous	3,213
	<hr/>
TOTAL OPERATING EXPENSES	171,241
	<hr/>
OPERATING INCOME (LOSS)	(51,799)
	<hr/>
NON-OPERATING REVENUE (EXPENSES)	
Current tax collection	861
Interest earned	4,616
	<hr/>
TOTAL NON-OPERATING REVENUE (EXPENSES)	5,477
	<hr/>
NET INCOME (LOSS)	(46,322)
	<hr/>
ADD: Amortization of fixed assets acquired by grant which reduces contributed capital	30,322
	<hr/>
INCREASE (DECREASE) IN RETAINED EARNINGS	(16,000)
	<hr/>
RETAINED EARNINGS/FUND BALANCE - APRIL 1	694,219
	<hr/>
RETAINED EARNINGS/FUND BALANCE - MARCH 31	<u><u>\$ 678,219</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
WATER & SEWER FUND
SCHEDULE OF CHANGES IN CONTRIBUTIONS IN
AID OF CONSTRUCTION
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Year Ended</u> <u>March 31, 2008</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION - APRIL 1	\$ 199,650
LESS: Depreciation of fixed assets acquired from contributions in	<u>(30,322)</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION - MARCH 31	<u><u>\$ 169,328</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
YEAR ENDED MARCH 31, 2008

	<u>ENTERPRISE FUND</u>
	<u>WATER/SEWER</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	\$ (46,322)
ADJUSTMENT TO RECONCILE NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	61,267
CHANGE IN CURRENT ASSETS AND LIABILITIES:	
(Increase) decrease in accounts receivable	2,539
(Increase) decrease in due from other funds	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>17,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	<u>(63,241)</u>
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	<u>(63,241)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(45,757)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>131,466</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 85,709</u>

Disclosure of Accounting Policy:

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks, and balances of certificates of deposit.

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF DECKERVILLE
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2008**

	<u>PAYROLL FUND</u>
<u>ASSETS</u>	
Cash	\$ (694)
Due from other governmental units	<u>694</u>
TOTAL ASSETS	<u>\$ -</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Accounts payable	<u>\$ -</u>
Fund Equity:	
Fund Balance:	
Designated	<u>-</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Deckerville (the Village) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Deckerville.

Effective April 1, 2005, the Village implemented the provisions of GASB Statement No. 34 (GASB 34), *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. Certain significant changes in the statements include the following:

DESCRIPTION OF VILLAGE OPERATIONS AND FUND TYPES:

The Village of Deckerville was organized in 1893 as a general law village with a fiscal year of April 1 through March 31. The Village is located in Sanilac County, Michigan. The Village operates under a Mayor-Council form of government. The Village provides various services to its residents including public safety (police, fire protection, and ambulance service), public works, parks and general administrative services.

REPORTING ENTITY:

In accordance with U.S. generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Deckerville (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity include oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

BASIS OF PRESENTATION:

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

GOVERNMENTAL FUNDS:

Governmental funds include the following fund types:

General Fund:

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general Village governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the Village.

Special Revenue Funds:

These funds are used to account for specific revenue (other than special assessments, expendable trusts, or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

PROPRIETARY FUNDS:

Enterprise Funds:

These funds account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Trust and Agency Funds:

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds include: Expendable Trust, Nonexpendable Trust, Pension Trust and Agency Funds.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Village of Deckerville. There are three major funds reported on the government-wide financial statements.

The Statement of Net Assets presents the Village's assets and liabilities with the difference being reported as either invested in capital assets, net of related debt, or restricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year-end. The budgeted revenues and expenditures for governmental fund types include any authorized amendments to the original budget as adopted.

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

BUDGETS AND BUDGETARY ACCOUNTING, (Continued):

Encumbrances represent commitments related to unperformed contracts for goods or services. The Village does not utilize encumbrance accounting.

CASH AND EQUIVALENTS:

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Village to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Village is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

RECEIVABLES:

Receivables consist primarily of amounts for intergovernmental revenue and customer charges. An allowance for doubtful accounts has been established in those funds where it was determined to be necessary. Credit risk is minimal because of the large number of customers and the authority of the Village to add receivables to the tax rolls that are secured by the underlying property.

RESTRICTED ASSETS:

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

CAPITAL ASSETS:

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, etc.) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by the Village of Deckerville as assets with initial individual cost of more than \$5,000. Any donated assets are recorded at estimated fair market value at the date of donation.

GASB 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed or substantially rehabilitated since fiscal years ending after February 29, 1980 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions GASB 34. The Village has capitalized the current year's infrastructure, as required by GASB 34, and has reported the infrastructure in the Statement of Net Assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

CAPITAL ASSETS, (Continued):

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project.

DEPRECIATION:

Depreciation expense amounted to \$132,519 for the year ended March 31, 2008. Depreciation is computed using the straight-line method. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Land/Land Improvements	0 - 50
Buildings	10 - 50
Bridges	50
Meters	13 - 20
Storm/Sewer lines	30 - 67
Sidewalks/Tailways	30
Water lines	40
Motor Vehicles & Related Equipment	3 - 10
Machinery & Equipment	5 - 20
Roads	5 - 20
Parking lots	30

LONG-TERM OBLIGATIONS:

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

FUND EQUITY:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEFINED CONTRIBUTION PENSION PLAN:

The Village maintains a defined contribution pension plan for its full-time employees.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions are to be determined, instead of specifying the amount of benefits the individual is to receive. Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on the investment of those contributions. The plan covers full-time employees after twelve months of continuous service who are at least twenty-one years of age. Covered employees become vested in the plan after twelve months of service. The plan specifies that the employer will contribute eight percent of contracted compensation and the employee can contribute between one to ten percent of their annual compensation. The contracted wages for covered employees for the audit period was \$101,040. The employer contributions were \$8,083 and the employee contributions were \$6,680 for the period. No plan provisions occurred during the year that affected the required contributions to be made by the Village or its employees.

NOTE 3 - CASH AND EQUIVALENTS:

DEPOSITS:

At year-end, the carrying amount of the Village's deposits was \$760,846 and the bank balance was \$769,405. Of the bank balance, \$532,104 was covered by federal depository insurance with the remaining balance uninsured and uncollateralized. Additional disclosures required by GASB 40 are not included in the accompanying financial statements because the Village does not have any investments.

NOTE 4 - CONTRIBUTED CAPITAL:

Contributed capital currently exists only in the Enterprise Funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use or still in construction within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closed to contributed capital rather than retained earnings.

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 5 - CAPITAL ASSET SUMMARY:

A summary of governmental activities property, plant, and equipment at March 31, 2008 is as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Depreciable Assets				
Roads	\$ 341,266	\$ 79,382	-	\$ 420,648
Buildings	1,728,438	21,665	-	1,750,103
Equipment	1,563,978	84,520	-	1,648,498
Total Cost	3,633,682	185,567	-	3,819,249
Accumulated depreciation	(2,347,198)	(132,519)	-	(2,479,717)
Net capital assets	<u>\$ 1,286,484</u>	<u>\$ 53,048</u>	<u>\$ -</u>	<u>\$ 1,339,532</u>

A summary of proprietary fund type property, plant, and equipment at March 31, 2008 is as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Assets Not Being Depreciated - Land	\$ 64,884	-		\$ 64,884
Depreciable Assets				
Wells and towers	723,717	-		723,717
Water lines	653,612	-		653,612
Lift station	85,000	-		85,000
Sanitary sewer system	1,015,000	-		1,015,000
Water mains	41,495	-		41,495
Water storage tanks	31,200	-		31,200
Water loop project	-	\$ 63,241		63,241
265 HP 4WL diesel tractor	47,386	-		47,386
Subtotal	2,597,410	63,241	-	2,660,651
Accumulated Depreciation:	(2,132,538)	(61,267)		(2,193,805)
Net Depreciable Assets	464,872	1,974	-	466,846
Net Capital Assets	<u>\$ 529,756</u>	<u>\$ 1,974</u>	<u>\$ -</u>	<u>\$ 531,730</u>

NOTE 6 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1. Taxes are levied on July 1 and are due in September. The Village bills and collects its own property taxes. Village tax revenues are recognized in the year of levy.

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 7 - LEGAL COMPLIANCE - BUDGETS:

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to March 31 of each year, a proposed budget is submitted to the Council for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Village Council during the fiscal year. Individual amendments were not material in relation to the original appropriations that were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.
8. In the Local Street Fund, actual expenditures for construction exceeded the budgeted amount by 2,632. This is a violation of PA 621.

NOTE 8 - RISK MANAGEMENT:

The Village is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.

NOTE 9 -- DESIGNATED FUND BALANCE:

Portions of fund balance have been designated by the Village for specific purposes, and therefore are unavailable for future appropriation or expenditure. Current amounts designated in the general fund are:

Designated for Ambulance	\$128,168
Designated for Equipment Rental	21,086
Designated for Police	69,404
Designated for Fire equipment	78,883
Designated for Parks	<u>13</u>
Total	<u>\$297,554</u>

VILLAGE OF DECKERVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 10 – LONG-TERM DEBT:

General long-term debt of the Village consisted of and had the following provisions:

Note payable to Eastern Michigan Bank dated September 23, 2002. Five annual payments of \$46,748 including interest at a rate of 4.88% with a balloon payment due on September 23, 2008. Proceeds were used to purchase a 2002 fire truck which along with the full faith and credit of the Village is the security for the loan.

<u>YEAR ENDED</u> <u>MARCH 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	<u>\$ 82,389</u>	<u> </u>	<u>\$ 82,389</u>
TOTAL	<u>\$ 82,389</u>	<u>\$ -</u>	<u>\$ 82,389</u>

NOTE 11 – COMPONENT UNIT:

The Village participates in a Parks and Recreation Board. This organization does not meet the criteria of a Component Unit and is not included in this audit report.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF DECKERVILLE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2008

	BUDGET			VARIANCE -
	ORIGINAL	FINAL	ACTUAL	FAVORABLE
				(UNFAVORABLE)
REVENUES:				
Taxes	\$ 299,170	\$ 299,170	\$ 276,603	\$ (22,567)
Intergovernmental Revenue	98,000	100,000	106,066	6,066
License, Permits and Fees	4,226	4,226	2,590	(1,636)
Fines and Forfeitures	500	500	159	(341)
Charges for Services	115,134	115,134	140,036	24,902
Grants	52,150	51,650	48,500	(3,150)
Interest Income	-	-	12,423	12,423
Miscellaneous	16,900	24,900	28,979	4,079
TOTAL REVENUES	586,080	595,580	615,356	19,776
EXPENDITURES:				
Administration	249,616	297,202	276,242	20,960
Fire Protection	118,840	118,840	106,992	11,848
Police	96,590	112,090	108,498	3,592
Public Works	118,020	124,020	136,130	(12,110)
Parks	90,234	103,827	104,552	(725)
TOTAL EXPENDITURES	673,300	755,979	732,414	23,565
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	(87,220)	(160,399)	(117,058)	43,341
OTHER FINANCING SOURCES (USES)				
Transfer In	5,000	25,000	-	(25,000)
Loan Proceeds	6,692	6,692	-	(6,692)
Loan Repayments	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	11,692	31,692	-	(31,692)
EXCESS OF REVENUE & OTHER SOURCES OVER				
(UNDER) EXPENDITURES & OTHER USES	(75,528)	(128,707)	(117,058)	11,649
FUND BALANCE - APRIL 1	481,652	481,652	481,652	-
FUND BALANCE - MARCH 31	\$ 406,124	\$ 352,945	\$ 364,594	\$ 11,649

See the accompanying notes.

VILLAGE OF DECKERVILLE
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND
YEAR ENDED MARCH 31, 2008

	BUDGET			VARIANCE- FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUE:				
Tax levy	\$ 89,949	\$ 89,949	\$ 88,057	\$ (1,892)
Intergovernmental revenue:				
Gas & weight tax	69,084	69,084	68,275	(809)
Interest and other	<u>4,208</u>	<u>4,208</u>	<u>7,634</u>	<u>3,426</u>
TOTAL REVENUE	<u>163,241</u>	<u>163,241</u>	<u>163,966</u>	<u>725</u>
EXPENDITURES:				
Construction	73,139	73,139	57,678	15,462
Routine maintenance	<u>90,102</u>	<u>88,102</u>	<u>45,313</u>	<u>42,789</u>
TOTAL EXPENDITURES	<u>163,241</u>	<u>161,241</u>	<u>102,991</u>	<u>58,251</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>2,000</u>	<u>60,975</u>	<u>58,975</u>
FUND BALANCE - APRIL 1	<u>140,282</u>	<u>140,282</u>	<u>140,282</u>	<u>-</u>
FUND BALANCE - MARCH 31	<u><u>\$ 140,282</u></u>	<u><u>\$ 142,282</u></u>	<u><u>\$ 201,257</u></u>	<u><u>\$ 58,975</u></u>

See the accompanying notes.

VILLAGE OF DECKERVILLE
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND
YEAR ENDED MARCH 31, 2008

	BUDGET			VARIANCE- FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUE:				
Tax levy	\$ 46,734	\$ 46,734	\$ 44,696	\$ (2,038)
Intergovernmental revenue:				
Gas & weight tax	18,540	18,540	17,540	(1,000)
Interest and other	-	-	2,976	2,976
TOTAL REVENUE	65,274	65,274	65,212	(62)
EXPENDITURES:				
Construction	19,072	19,072	21,704	(2,632)
Routine maintenance	46,202	46,202	37,632	8,570
TOTAL EXPENDITURES	65,274	65,274	59,336	5,938
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	5,876	5,876
FUND BALANCE - APRIL 1	119,241	119,241	119,241	-
FUND BALANCE - MARCH 31	\$ 119,241	\$ 119,241	\$ 125,117	\$ 5,876

See the accompanying notes.

ADDITIONAL INFORMATION

**VILLAGE OF DECKERVILLE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
YEAR ENDED MARCH 31, 2008**

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL MARCH 31, 2008</u>
<u>ASSETS</u>			
Cash	\$ 189,215	\$ 122,022	\$ 311,237
Accounts Receivable	-	-	-
Due from other funds			
Due from other governmental units	<u>12,042</u>	<u>3,095</u>	<u>15,137</u>
TOTAL ASSETS	<u>\$ 201,257</u>	<u>\$ 125,117</u>	<u>\$ 326,374</u>
 <u>LIABILITIES & FUND EQUITY</u>			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:			
Fund balance:			
Designated	<u>\$ 201,257</u>	<u>\$ 125,117</u>	<u>\$ 326,374</u>
Total Fund Equity	<u>201,257</u>	<u>125,117</u>	<u>326,374</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 201,257</u>	<u>\$ 125,117</u>	<u>\$ 326,374</u>

See the accompanying notes.

VILLAGE OF DECKERVILLE
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE
YEAR ENDED MARCH 31, 2008

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL MARCH 31, 2008</u>
REVENUE:			
Taxes	\$ 88,057	\$ 44,696	\$ 132,753
Intergovernmental revenue	68,275	17,540	85,815
Miscellaneous	<u>7,634</u>	<u>2,976</u>	<u>10,610</u>
TOTAL REVENUE	<u>163,966</u>	<u>65,212</u>	<u>229,178</u>
EXPENDITURES:			
Streets	<u>102,991</u>	<u>59,336</u>	<u>162,327</u>
TOTAL EXPENDITURES	<u>102,991</u>	<u>59,336</u>	<u>162,327</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>60,975</u>	<u>5,876</u>	<u>66,852</u>
FUND BALANCE - APRIL 1	<u>140,282</u>	<u>119,241</u>	<u>259,523</u>
FUND BALANCE - MARCH 31	<u><u>\$ 201,257</u></u>	<u><u>\$ 125,117</u></u>	<u><u>\$ 326,375</u></u>

See the accompanying notes.

VILLAGE OF DECKERVILLE
GENERAL FUND
SCHEDULE OF REVENUE
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes:			
Current property tax	\$ 299,170	\$ 276,603	\$ (22,567)
Total Taxes	299,170	276,603	(22,567)
Intergovernmental Revenue:			
State revenue sharing	98,000	104,936	6,936
Liquor license	2,000	1,130	(870)
Total Intergovernmental Revenue	100,000	106,066	6,066
License, Permits and Fees			
Zoning fees	2,800	343	(2,457)
Franchise fees	1,426	2,247	821
Total License, Permits and Fees	4,226	2,590	(1,636)
Fines and Forfeitures			
Village fines	500	141	(359)
County fines	-	18	18
Total Fines and Forfeitures	500	159	(341)
Charges For Services:			
Trash collection	40,092	38,228	(1,864)
Fire protection	15,000	20,070	5,070
Ambulance protection	-	-	-
Building and equipment rental	59,256	80,838	21,582
Miscellaneous	786	900	114
Total Charges For Services	115,134	140,036	24,902
Miscellaneous Revenue:			
Grants	51,650	48,500	(3,150)
Interest income	-	12,423	12,423
Miscellaneous income	24,900	28,979	4,079
Total Miscellaneous Revenue	76,550	89,902	13,352
TOTAL REVENUE	<u>\$ 595,580</u>	<u>\$ 615,356</u>	<u>\$ 19,776</u>

See the accompanying notes.

VILLAGE OF DECKERVILLE
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Administrative:			
Salaries	\$ 80,246	\$ 80,017	\$ 229
Employee benefits	10,500	8,550	1,950
Election fees	900	1,306	(406)
Community promotion	10,200	4,943	5,257
Printing and publishing	2,400	2,100	300
Operating supplies	8,500	6,314	2,186
Professional fees	5,000	1,802	3,198
Trash fees	38,575	36,904	1,671
Telephone	3,500	4,261	(761)
Utilities	10,500	7,247	3,253
Street lights	16,500	15,778	722
Repairs and maintenance	8,000	6,701	1,299
Rental	14,000	14,897	(897)
Insurance & Bonds	11,400	10,967	433
Capital outlay	21,000	26,805	(5,805)
Building Rehab	40,586	30,804	
Miscellaneous	15,395	16,846	(1,451)
Total Administration	<u>297,202</u>	<u>276,242</u>	<u>20,960</u>
Fire Protection			
Salaries	5,236	4,054	1,182
Equipment rent	-	-	-
Insurance	9,990	10,924	(934)
Interest	-	7,637	(7,637)
Contracted services	13,850	15,200	(1,350)
Repairs and maintenance	27,500	22,202	5,298
Gas	2,000	1,473	527
Utilities	2,916	1,757	1,159
Miscellaneous	2,600	4,634	(2,034)
Capital outlay	54,748	39,111	15,637
Total Fire Protection	<u>118,840</u>	<u>106,992</u>	<u>11,848</u>

(Continued)

VILLAGE OF DECKERVILLE
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Police Department:			
Salaries	\$ 92,669	\$ 91,324	\$ 1,345
Employee benefits	-	-	-
Supplies	500	356	144
Professional fees	-	-	-
Uniforms and cleaning	1,000	354	646
Gas	3,650	4,516	(866)
Insurance	7,300	7,042	258
Repairs	500	1,250	(750)
Rent-building	-	-	-
Miscellaneous	6,471	384	6,087
Crossing Guard	-	-	-
Utilities	-	3,250	-
Capital outlay	-	22	(22)
	<u>112,090</u>	<u>108,498</u>	<u>3,592</u>
Total Police Department			
Public Works Department:			
Salaries	16,000	15,521	479
Employee benefits	120	-	120
Gas	16,000	12,950	3,050
Utilities	4,400	6,726	(2,326)
Repairs	18,500	17,750	750
Insurance	3,000	3,651	(651)
Capital outlay	66,000	79,532	(13,532)
	<u>124,020</u>	<u>136,130</u>	<u>(12,110)</u>
Total Public Works Department			

(Continued)

**VILLAGE OF DECKERVILLE
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED MARCH 31, 2008**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Parks			
Salaries	\$ 24,000	\$ 36,956	\$ (12,956)
Employee benefits	150	-	150
Supplies	-	1,478	(1,478)
Utilities	1,100	2,213	(1,113)
Insurance	300	261	39
Repairs and maintenance	6,040	4,788	1,252
Equipment rent	12,867	19,445	(6,578)
Miscellaneous	100	693	(593)
Capital outlay	<u>59,270</u>	<u>38,718</u>	<u>20,552</u>
Total Parks	<u>103,827</u>	<u>104,552</u>	<u>(725)</u>
TOTAL EXPENDITURES	<u>\$755,979</u>	<u>\$732,414</u>	<u>\$ 23,565</u>

See the accompanying notes.

VILLAGE OF DECKERVILLE
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Water & sewer system sales	\$102,000	\$100,090	\$ (1,910)
Other services, charges & sales	20,767	19,352	(1,415)
Current tax collection	198	861	663
Rental Income	-	-	-
Interest income	-	4,616	4,616
TOTAL REVENUE	<u>\$122,965</u>	<u>\$124,919</u>	<u>\$ 1,954</u>
EXPENDITURES:			
Operating Expenses:			
Salaries & wages	\$ 49,440	\$ 34,950	\$ 14,490
Employee benefits	14,800	14,420	380
Operating supplies	4,500	2,608	1,892
Professional fees	1,000	-	1,000
Insurance	4,500	4,017	483
Utilities	11,500	10,292	1,208
Repairs & maintenance	9,500	22,878	(13,378)
Depreciation	-	61,267	(61,267)
Equipment rental	15,000	17,596	(2,596)
Capital Outlay	70,532	-	70,532
Miscellaneous	4,152	3,213	939
Total Operating Expenses	<u>184,924</u>	<u>171,241</u>	<u>13,683</u>
TOTAL EXPENDITURES	<u>\$ 184,924</u>	<u>\$ 171,241</u>	<u>\$ 13,683</u>

See accompanying notes.

VILLAGE OF DECKERVILLE
MAJOR STREET FUNDS
SCHEDULE OF EXPENDITURES
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Construction:	\$ 73,139	\$ 57,678	\$ 15,462
Routine Maintenance:			
Labor	19,000	20,103	(1,103)
Employee benefits	6,500	6,858	(358)
Insurance	1,725	1,674	51
Repairs	35,877	3,787	32,090
Traffic service	3,000	1,248	1,752
Pro service	8,000	-	8,000
Misc	-	-	
Equipment rental	<u>14,000</u>	<u>11,643</u>	<u>2,357</u>
Total Routine Maintenance	<u>88,102</u>	<u>45,313</u>	<u>42,789</u>
TOTAL EXPENDITURES	<u>\$ 161,241</u>	<u>\$ 102,991</u>	<u>\$ 58,251</u>

See the accompanying notes.

VILLAGE OF DECKERVILLE
LOCAL STREET FUNDS
SCHEDULE OF EXPENDITURES
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Construction:	\$ 19,072	\$ 21,704	\$ (2,632)
Routine Maintenance:			
Labor	17,592	16,115	1,477
Employee benefits	7,500	5,728	1,772
Insurance	1,730	1,674	56
Repairs	7,380	783	6,597
Traffic service	2,000	675	1,325
Equipment rental	10,000	12,157	(2,157)
Prof Services	-	-	
Misc		500	
Supplies	-	-	-
Total Routine Maintenance	<u>46,202</u>	<u>37,632</u>	<u>8,570</u>
TOTAL EXPENDITURES	<u>\$65,274</u>	<u>\$59,336</u>	<u>\$ 5,938</u>

See the accompanying notes.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamic L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

May 23, 2008

To the Members of the Board
Village of Deckerville

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Deckerville for the year ended March 31, 2008, and have issued our report thereon dated May 30, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 19, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 19, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Deckerville are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 23, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

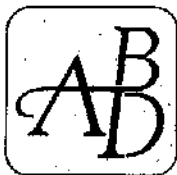
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Village of Deckerville and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants



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May 23, 2008

To the Members of the Board
Village of Deckerville

In planning and performing our audit of the financial statements of the Village of Deckerville as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Deckerville's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiencies:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Village segregate duties whenever possible.

Monthly Reconciliations

The Clerk and the Treasurer balance revenues and expenditures with each other on a monthly basis. Bank checking accounts are reconciled each month. However, the reconciliation process doesn't include making sure the amounts entered into the Village's accounting system agrees with the reconciled amounts. The bank reconciliations are not balanced with a balance sheet from the Village's accounting system. We recommend the Village's accounting software be revised to show more detail on the balance sheet. There is currently one line for cash on each fund where multiple accounts exist. Interest income on each of the accounts should be recorded monthly and each bank account tied to the book monthly.

Property Tax Reconciliations

An entry to record a deposit from the tax collection account to the Major and Local Street Funds was not recorded. This mistake should have been recognized by the Village if proper monthly reconciliations were being done as discussed above. In addition, a good internal control procedure would be to have the Treasurer verify that the total taxes collected for each fund have been recorded on the Village's books after the Treasurer has completed the tax settlement process with the County Treasurer.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Financial Statements

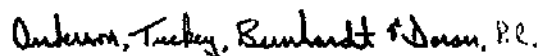
After considering the qualifications of the accounting personnel of the Village of Deckerville, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Village, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

The following comments relate to certain of the Township's accounting, financial and administrative policies and procedures that we observed during the course of our audit. These matters are not considered control deficiencies or material weaknesses as defined by professional standards.

This communication is intended solely for the information and use of management, the Village of Deckerville, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Village of Deckerville and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,



Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants